

## Message Text

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TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

AMEMBASSY ATHENS

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AMEMBASSY STOCKHOLM

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: EWWT, PDIP, PN

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SUBJECT: TEXT OF PANAMA CANAL TREATY

(QUOTE)

THE UNITED STATES OF AMERICA AND THE REPUBLIC OF  
PANAMA,

ACTING IN THE SPIRIT OF THE JOINT DECLARATION OF  
APRIL 3, 1964, BY THE REPRESENTATIVES OF THE GOVERNMENTS  
OF THE UNITED STATES OF AMERICA AND THE REPUBLIC OF  
PANAMA, AND OF THE JOINT STATEMENT OF PRINCIPLES OF  
FEBRUARY 7, 1974, INITIALED BY THE SECRETARY OF STATE  
OF THE UNITED STATES OF AMERICA AND THE FOREIGN MINISTER  
OF THE REPUBLIC OF PANAMA, AND

ACKNOWLEDGING THE REPUBLIC OF PANAMA'S SOVER-  
EIGNTY OVER ITS TERRITORY,

HAVE DECIDED TO TERMINATE THE PRIOR TREATIES  
PERTAINING TO THE PANAMA CANAL AND TO CONCLUDE A NEW  
TREATY TO SERVE AS THE BASIS FOR A NEW RELATIONSHIP  
BETWEEN THEM AND, ACCORDINGLY, HAVE AGREED UPON THE  
FOLLOWING:

----- ARTICLE I

ABROGATION OF PRIOR TREATIES AND  
ESTABLISHMENT OF A NEW RELATIONSHIP

1. UPON ITS ENTRY INTO FORCE, THIS TREATY TERMINATES  
AND SUPERSEDES:

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(A) THE Isthmian CANAL CONVENTION BETWEEN  
THE UNITED STATES OF AMERICA AND THE REPUBLIC OF  
PANAMA, SIGNED AT WASHINGTON, NOVEMBER 18, 1903;

(B) THE TREATY OF FRIENDSHIP AND COOPERA-  
TION SIGNED AT WASHINGTON, MARCH 2, 1936, AND THE  
TREATY OF MUTUAL UNDERSTANDING AND COOPERATION AND  
THE RELATED MEMORANDUM OF UNDERSTANDINGS REACHED,  
SIGNED AT PANAMA, JANUARY 25, 1955, BETWEEN THE  
UNITED STATES OF AMERICA AND THE REPUBLIC OF PANAMA;

(C) ALL OTHER TREATIES, CONVENTIONS,  
AGREEMENTS AND EXCHANGES OF NOTES BETWEEN THE UNITED  
STATES OF AMERICA AND THE REPUBLIC OF PANAMA, CONCERNING  
THE PANAMA CANAL WHICH WERE IN FORCE PRIOR TO THE  
ENTRY INTO FORCE OF THIS TREATY; AND

(D) PROVISIONS CONCERNING THE PANAMA CANAL  
WHICH APPEAR IN OTHER TREATIES, CONVENTIONS, AGREEMENTS  
AND EXCHANGES OF NOTES BETWEEN THE UNITED STATES OF  
AMERICA AND THE REPUBLIC OF PANAMA WHICH WERE IN  
FORCE PRIOR TO THE ENTRY INTO FORCE OF THIS TREATY.

2. IN ACCORDANCE WITH THE TERMS OF THIS TREATY AND RELATED AGREEMENTS, THE REPUBLIC OF PANAMA, AS TERRITORIAL SOVEREIGN, GRANTS TO THE UNITED STATES OF AMERICA, FOR THE DURATION OF THIS TREATY, THE RIGHTS NECESSARY TO REGULATE THE TRANSIT OF SHIPS THROUGH THE PANAMA CANAL, AND TO MANAGE, OPERATE, MAINTAIN, IMPROVE, PROTECT AND DEFEND THE CANAL. THE REPUBLIC OF PANAMA GUARANTEES TO THE UNITED STATES OF AMERICA THE PEACEFUL USE OF THE LAND AND WATER AREAS WHICH IT HAS BEEN GRANTED THE RIGHTS TO USE FOR SUCH PURPOSES PURSUANT TO THIS TREATY AND RELATED AGREEMENTS.

3. THE REPUBLIC OF PANAMA SHALL PARTICIPATE  
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INCREASINGLY IN THE MANAGEMENT AND PROTECTION AND DEFENSE OF THE CANAL, AS PROVIDED IN THIS TREATY.

4. IN VIEW OF THE SPECIAL RELATIONSHIP ESTABLISHED BY THIS TREATY, THE UNITED STATES OF AMERICA AND THE REPUBLIC OF PANAMA SHALL COOPERATE TO ASSURE THE UNINTERRUPTED AND EFFICIENT OPERATION OF THE PANAMA CANAL.

----- ARTICLE II

RATIFICATION, ENTRY INTO FORCE, AND TERMINATION

1. THIS TREATY SHALL BE SUBJECT TO RATIFICATION IN ACCORDANCE WITH THE CONSTITUTIONAL PROCEDURES OF THE TWO PARTIES. THE INSTRUMENTS OF RATIFICATION OF THIS TREATY SHALL BE EXCHANGED AT PANAMA AT THE SAME TIME AS THE INSTRUMENTS OF RATIFICATION OF THE TREATY CONCERNING THE PERMANENT NEUTRALITY AND OPERATION OF THE PANAMA CANAL, SIGNED THIS DATE, ARE EXCHANGED. THIS TREATY SHALL ENTER INTO FORCE, SIMULTANEOUSLY WITH THE TREATY CONCERNING THE PERMANENT NEUTRALITY AND OPERATION OF THE PANAMA CANAL, SIX CALENDAR MONTHS FROM THE DATE OF THE EXCHANGE OF THE INSTRUMENTS OF RATIFICATION.

2. THIS TREATY SHALL TERMINATE AT NOON, PANAMA TIME, DECEMBER 31, 1999.

----- ARTICLE III

CANAL OPERATION AND MANAGEMENT

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1. THE REPUBLIC OF PANAMA, AS TERRITORIAL SOVEREIGN, GRANTS TO THE UNITED STATES OF AMERICA THE RIGHTS TO MANAGE, OPERATE, AND MAINTAIN THE PANAMA CANAL, ITS COMPLEMENTARY WORKS, INSTALLATIONS AND EQUIPMENT AND TO PROVIDE FOR THE ORDERLY TRANSIT OF VESSELS THROUGH THE PANAMA CANAL. THE UNITED STATES OF AMERICA ACCEPTS THE GRANT OF SUCH RIGHTS AND UNDERTAKES TO EXERCISE THEM IN ACCORDANCE WITH THIS TREATY AND RELATED AGREEMENTS.

2. IN CARRYING OUT THE FOREGOING RESPONSIBILITIES, THE UNITED STATES OF AMERICA MAY:

(A) USE FOR THE AFOREMENTIONED PURPOSES, WITHOUT COST EXCEPT AS PROVIDED IN THIS TREATY, THE VARIOUS INSTALLATIONS AND AREAS (INCLUDING THE PANAMA CANAL) AND WATERS, DESCRIBED IN THE AGREEMENT IN IMPLEMENTATION OF THIS ARTICLE, SIGNED THIS DATE, AS WELL AS SUCH OTHER AREAS AND INSTALLATIONS AS ARE MADE AVAILABLE TO THE UNITED STATES OF AMERICA UNDER THIS TREATY AND RELATED AGREEMENTS, AND TAKE THE MEASURES NECESSARY TO ENSURE SANITATION OF SUCH AREAS;

(B) MAKE SUCH IMPROVEMENTS AND ALTERATIONS TO THE AFORESAID INSTALLATIONS AND AREAS AS IT DEEMS APPROPRIATE, CONSISTENT WITH THE TERMS OF THIS TREATY;

(C) MAKE AND ENFORCE ALL RULES PERTAINING TO THE PASSAGE OF VESSELS THROUGH THE CANAL AND OTHER RULES WITH RESPECT TO NAVIGATION AND MARITIME MATTERS, IN ACCORDANCE WITH THIS TREATY AND RELATED AGREEMENTS. THE REPUBLIC OF PANAMA WILL LEND ITS COOPERATION, WHEN NECESSARY, IN THE ENFORCEMENT OF SUCH RULES;

(D) ESTABLISH, MODIFY, COLLECT AND RETAIN TOLLS FOR THE USE OF THE PANAMA CANAL, AND OTHER

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CHARGES, AND ESTABLISH AND MODIFY METHODS OF THEIR ASSESSMENT;

(E) REGULATE RELATIONS WITH EMPLOYEES OF THE UNITED STATES GOVERNMENT;

(F) PROVIDE SUPPORTING SERVICES TO FACILI-

TATE THE PERFORMANCE OF ITS RESPONSIBILITIES UNDER THIS ARTICLE;

(G) ISSUE AND ENFORCE REGULATIONS FOR THE EFFECTIVE EXERCISE OF THE RIGHTS AND RESPONSIBILITIES OF THE UNITED STATES OF AMERICA UNDER THIS TREATY AND RELATED AGREEMENTS. THE REPUBLIC OF PANAMA WILL LEND ITS COOPERATION, WHEN NECESSARY, IN THE ENFORCEMENT OF SUCH RULES; AND

(H) EXERCISE ANY OTHER RIGHT GRANTED UNDER THIS TREATY, OR OTHERWISE AGREED UPON BETWEEN THE TWO PARTIES.

3. PURSUANT TO THE FOREGOING GRANT OF RIGHTS, THE UNITED STATES OF AMERICA SHALL, IN ACCORDANCE WITH THE TERMS OF THIS TREATY AND THE PROVISIONS OF UNITED STATES LAW, CARRY OUT ITS RESPONSIBILITIES BY MEANS OF A UNITED STATES GOVERNMENT AGENCY CALLED THE PANAMA CANAL COMMISSION, WHICH SHALL BE CONSTITUTED BY AND IN CONFORMITY WITH THE LAWS OF THE UNITED STATES OF AMERICA.

(A) THE PANAMA CANAL COMMISSION SHALL BE SUPERVISED BY A BOARD COMPOSED OF NINE MEMBERS, FIVE OF WHOM SHALL BE NATIONALS OF THE UNITED STATES OF UNCLASSIFIED

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AMERICA, AND FOUR OF WHOM SHALL BE PANAMANIAN NATIONALS PROPOSED BY THE REPUBLIC OF PANAMA FOR APPOINTMENT TO SUCH POSITIONS BY THE UNITED STATES OF AMERICA IN A TIMELY MANNER.

(B) SHOULD THE REPUBLIC OF PANAMA REQUEST THE UNITED STATES OF AMERICA TO REMOVE A PANAMANIAN NATIONAL FROM MEMBERSHIP ON THE BOARD, THE UNITED STATES OF AMERICA SHALL AGREE TO SUCH A REQUEST. IN THAT EVENT, THE REPUBLIC OF PANAMA SHALL PROPOSE ANOTHER PANAMANIAN NATIONAL FOR APPOINTMENT BY THE UNITED STATES OF AMERICA TO SUCH POSITION IN A TIMELY MANNER. IN CASE OF REMOVAL OF A PANAMANIAN MEMBER OF THE BOARD AT THE INITIATIVE OF THE UNITED STATES OF AMERICA, BOTH PARTIES WILL CONSULT IN ADVANCE IN ORDER TO REACH AGREEMENT CONCERNING SUCH REMOVAL, AND THE REPUBLIC OF PANAMA SHALL PROPOSE ANOTHER PANAMANIAN NATIONAL FOR APPOINTMENT BY THE UNITED STATES OF AMERICA IN HIS STEAD.

(C) THE UNITED STATES OF AMERICA SHALL EMPLOY A NATIONAL OF THE UNITED STATES OF AMERICA AS ADMINISTRATOR OF THE PANAMA CANAL COMMISSION, AND A

PANAMANIAN NATIONAL AS DEPUTY ADMINISTRATOR, THROUGH DECEMBER 31, 1989. BEGINNING JANUARY 1, 1990, A PANAMANIAN NATIONAL SHALL BE EMPLOYED AS THE ADMINISTRATOR AND A NATIONAL OF THE UNITED STATES OF AMERICA SHALL OCCUPY THE POSITION OF DEPUTY ADMINISTRATOR. SUCH PANAMANIAN NATIONALS SHALL BE PROPOSED TO THE UNITED STATES OF AMERICA BY THE REPUBLIC OF PANAMA FOR APPOINTMENT TO SUCH POSITIONS BY THE UNITED STATES OF AMERICA.

(D) SHOULD THE UNITED STATES OF AMERICA REMOVE THE PANAMANIAN NATIONAL FROM HIS POSITION AS DEPUTY ADMINISTRATOR, OR ADMINISTRATOR, THE REPUBLIC OF PANAMA SHALL PROPOSE ANOTHER PANAMANIAN NATIONAL FOR APPOINTMENT TO SUCH POSITION BY THE UNITED STATES UNCLASSIFIED

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OF AMERICA.

4. AN ILLUSTRATIVE DESCRIPTION OF THE ACTIVITIES THE PANAMA CANAL COMMISSION WILL PERFORM IN CARRYING OUT THE RESPONSIBILITIES AND RIGHTS OF THE UNITED STATES OF AMERICA UNDER THIS ARTICLE IS SET FORTH AT THE ANNEX. ALSO SET FORTH IN THE ANNEX ARE PROCEDURES FOR THE DISCONTINUANCE OR TRANSFER OF THOSE ACTIVITIES PERFORMED PRIOR TO THE ENTRY INTO FORCE OF THIS TREATY BY THE PANAMA CANAL COMPANY OR THE CANAL ZONE GOVERNMENT WHICH ARE NOT TO BE CARRIED OUT BY THE PANAMA CANAL COMMISSION.

5. THE PANAMA CANAL COMMISSION SHALL REIMBURSE THE REPUBLIC OF PANAMA FOR THE COSTS INCURRED BY THE REPUBLIC OF PANAMA IN PROVIDING THE FOLLOWING PUBLIC SERVICES IN THE CANAL OPERATING AREAS AND IN HOUSING AREAS SET FORTH IN THE AGREEMENT IN IMPLEMENTATION OF ARTICLE III OF THIS TREATY AND OCCUPIED BY BOTH UNITED STATES AND PANAMANIAN CITIZEN EMPLOYEES OF THE PANAMA CANAL COMMISSION: POLICE, FIRE PROTECTION, STREET MAINTENANCE, STREET LIGHTING, STREET CLEANING, TRAFFIC MANAGEMENT AND GARBAGE COLLECTION. THE PANAMA CANAL COMMISSION SHALL PAY THE REPUBLIC OF PANAMA THE SUM OF TEN MILLION UNITED STATES DOLLARS (\$10,000,000) PER ANNUM FOR THE FOREGOING SERVICES. IT IS AGREED THAT EVERY THREE YEARS FROM THE DATE THAT THIS TREATY ENTERS INTO FORCE, THE COSTS INVOLVED IN FURNISHING SAID SERVICES SHALL BE REEXAMINED TO DETERMINE WHETHER ADJUSTMENT OF THE ANNUAL PAYMENT SHOULD BE MADE BECAUSE OF INFLATION AND OTHER RELEVANT FACTORS AFFECTING THE COST OF SUCH SERVICES.

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6. THE REPUBLIC OF PANAMA SHALL BE RESPONSIBLE FOR PROVIDING, IN ALL AREAS COMPRISING THE FORMER CANAL ZONE, SERVICES OF A GENERAL JURISDICTIONAL NATURE SUCH AS CUSTOMS AND IMMIGRATION, POSTAL SERVICES, COURTS AND LICENSING, IN ACCORDANCE WITH THIS TREATY AND RELATED AGREEMENTS.

7. THE UNITED STATES OF AMERICA AND THE REPUBLIC OF PANAMA SHALL ESTABLISH A PANAMA CANAL CONSULTATIVE COMMITTEE, COMPOSED OF AN EQUAL NUMBER OF HIGH-LEVEL REPRESENTATIVES OF THE UNITED STATES OF AMERICA AND THE REPUBLIC OF PANAMA, AND WHICH MAY APPOINT SUCH SUBCOMMITTEES AS IT MAY DEEM APPROPRIATE. THIS COMMITTEE SHALL ADVISE THE UNITED STATES OF AMERICA AND THE REPUBLIC OF PANAMA ON MATTERS OF POLICY AFFECTING THE CANAL'S OPERATION. IN VIEW OF BOTH PARTIES' SPECIAL INTEREST IN THE CONTINUITY AND EFFICIENCY OF THE CANAL OPERATION IN THE FUTURE, THE COMMITTEE SHALL ADVISE ON MATTERS SUCH AS GENERAL TOLLS POLICY, EMPLOYMENT AND TRAINING POLICIES TO INCREASE THE PARTICIPATION OF PANAMANIAN NATIONALS IN THE OPERATION OF THE CANAL, AND INTERNATIONAL POLICIES ON MATTERS CONCERNING THE CANAL. THE COMMITTEE'S RECOMMENDATIONS SHALL BE TRANSMITTED TO THE TWO GOVERNMENTS, WHICH SHALL GIVE SUCH RECOMMENDATIONS FULL CONSIDERATION IN THE FORMULATION OF SUCH POLICY DECISIONS.

8. IN ADDITION TO THE PARTICIPATION OF PANAMANIAN NATIONALS AT HIGH MANAGEMENT LEVELS OF THE PANAMA CANAL COMMISSION, AS PROVIDED FOR IN PARAGRAPH 3 OF THIS ARTICLE, THERE SHALL BE GROWING PARTICIPATION OF PANAMANIAN NATIONALS AT ALL OTHER LEVELS AND AREAS OF EMPLOYMENT IN THE AFORESAID COMMISSION, WITH THE OBJECTIVE OF PREPARING, IN AN ORDERLY AND EFFICIENT FASHION, FOR THE ASSUMPTION BY THE REPUBLIC OF PANAMA OF FULL RESPONSIBILITY FOR THE MANAGEMENT,

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OPERATION AND MAINTENANCE OF THE CANAL UPON THE TERMINATION OF THIS TREATY.

9. THE USE OF THE AREAS, WATERS AND INSTALLATIONS WITH RESPECT TO WHICH THE UNITED STATES OF AMERICA IS GRANTED RIGHTS PURSUANT TO THIS ARTICLE, AND THE RIGHTS AND LEGAL STATUS OF UNITED STATES GOVERNMENT

AGENCIES AND EMPLOYEES OPERATING IN THE REPUBLIC OF PANAMA PURSUANT TO THIS ARTICLE, SHALL BE GOVERNED BY THE AGREEMENT IN IMPLEMENTATION OF THIS ARTICLE, SIGNED THIS DATE.

10. UPON ENTRY INTO FORCE OF THIS TREATY, THE UNITED STATES GOVERNMENT AGENCIES KNOWN AS THE PANAMA CANAL COMPANY AND THE CANAL ZONE GOVERNMENT SHALL CEASE TO OPERATE WITHIN THE TERRITORY OF THE REPUBLIC OF PANAMA THAT FORMERLY CONSTITUTED THE CANAL ZONE.

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ARTICLE IV

PROTECTION AND DEFENSE

1. THE UNITED STATES OF AMERICA AND THE REPUBLIC OF PANAMA COMMIT THEMSELVES TO PROTECT AND DEFEND THE PANAMA CANAL. EACH PARTY SHALL ACT, IN ACCORDANCE WITH ITS CONSTITUTIONAL PROCESSES, TO MEET THE DANGER RESULTING FROM AN ARMED ATTACK OR OTHER ACTIONS WHICH THREATEN THE SECURITY OF THE PANAMA CANAL OR OF SHIPS TRANSITING IT.

2. FOR THE DURATION OF THIS TREATY, THE UNITED STATES OF AMERICA SHALL HAVE PRIMARY RESPONSIBILITY TO UNCLASSIFIED

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PROTECT AND DEFEND THE CANAL. THE RIGHTS OF THE UNITED STATES OF AMERICA TO STATION, TRAIN, AND MOVE MILITARY FORCES WITHIN THE REPUBLIC OF PANAMA ARE DESCRIBED IN THE AGREEMENT IN IMPLEMENTATION OF THIS ARTICLE, SIGNED THIS DATE. THE USE OF AREAS AND INSTALLATIONS AND THE LEGAL STATUS OF THE ARMED FORCES OF THE UNITED STATES OF AMERICA IN THE REPUBLIC OF PANAMA SHALL BE GOVERNED BY THE AFORESAID AGREEMENT.

3. IN ORDER TO FACILITATE THE PARTICIPATION AND COOPERATION OF THE ARMED FORCES OF BOTH PARTIES IN THE PROTECTION AND DEFENSE OF THE CANAL, THE UNITED STATES OF AMERICA AND THE REPUBLIC OF PANAMA SHALL ESTABLISH A COMBINED BOARD COMPRISED OF AN EQUAL NUMBER OF SENIOR MILITARY REPRESENTATIVES OF EACH PARTY. THESE REPRESENTATIVES SHALL BE CHARGED BY THEIR RESPECTIVE GOVERNMENTS WITH CONSULTING AND COOPERATING ON ALL MATTERS PERTAINING TO THE PROTECTION AND DEFENSE OF THE CANAL, AND WITH PLANNING FOR ACTIONS TO BE TAKEN IN CONCERT FOR THAT PURPOSE. SUCH COMBINED PROTECTION AND DEFENSE ARRANGEMENTS SHALL NOT INHIBIT THE IDENTITY OR LINES OF AUTHORITY OF THE ARMED FORCES OF THE UNITED STATES OF

AMERICA OR THE REPUBLIC OF PANAMA. THE COMBINED BOARD SHALL PROVIDE FOR COORDINATION AND COOPERATION CONCERNING SUCH MATTERS AS:

(A) THE PREPARATION OF CONTINGENCY PLANS FOR THE PROTECTION AND DEFENSE OF THE CANAL BASED UPON THE COOPERATIVE EFFORTS OF THE ARMED FORCES OF BOTH PARTIES;

(B) THE PLANNING AND CONDUCT OF COMBINED MILITARY EXERCISES; AND

(C) THE CONDUCT OF UNITED STATES AND PANAMIAN MILITARY OPERATIONS WITH RESPECT TO THE PROTECTION AND DEFENSE OF THE CANAL.

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4. THE COMBINED BOARD SHALL, AT FIVE-YEAR INTERVALS THROUGHOUT THE DURATION OF THIS TREATY, REVIEW THE RESOURCES BEING MADE AVAILABLE BY THE TWO PARTIES FOR THE PROTECTION AND DEFENSE OF THE CANAL. ALSO, THE COMBINED BOARD SHALL MAKE APPROPRIATE RECOMMENDATIONS TO THE TWO GOVERNMENTS RESPECTING PROJECTED REQUIREMENTS, THE EFFICIENT UTILIZATION OF AVAILABLE RESOURCES OF THE TWO PARTIES, AND OTHER MATTERS OF MUTUAL INTEREST WITH RESPECT TO THE PROTECTION AND DEFENSE OF THE CANAL.

5. TO THE EXTENT POSSIBLE CONSISTENT WITH ITS PRIMARY RESPONSIBILITY FOR THE PROTECTION AND DEFENSE OF THE PANAMA CANAL, THE UNITED STATES OF AMERICA WILL ENDEAVOR TO MAINTAIN ITS ARMED FORCES IN THE REPUBLIC OF PANAMA IN NORMAL TIMES AT A LEVEL NOT IN EXCESS OF THAT OF THE ARMED FORCES OF THE UNITED STATES OF AMERICA IN THE TERRITORY OF THE FORMER CANAL ZONE IMMEDIATELY PRIOR TO THE ENTRY INTO FORCE OF THIS TREATY.

----- ARTICLE V

#### PRINCIPLE OF NON-INTERVENTION

EMPLOYEES OF THE PANAMA CANAL COMMISSION, THEIR DEPENDENTS AND DESIGNATED CONTRACTORS OF THE PANAMA CANAL COMMISSION, WHO ARE NATIONALS OF THE UNITED STATES OF AMERICA, SHALL RESPECT THE LAWS OF THE REPUBLIC OF PANAMA AND SHALL ABSTAIN FROM ANY ACTIVITY INCOMPATIBLE WITH THE SPIRIT OF THIS TREATY. ACCORDINGLY, THEY SHALL ABSTAIN FROM ANY POLITICAL ACTIVITY IN THE REPUBLIC OF PANAMA AS WELL AS FROM ANY INTERVENTION

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IN THE INTERNAL AFFAIRS OF THE REPUBLIC OF PANAMA.  
THE UNITED STATES OF AMERICA SHALL TAKE ALL MEASURES  
WITHIN ITS AUTHORITY TO ENSURE THAT THE PROVISIONS OF  
THIS ARTICLE ARE FULFILLED.

----- ARTICLE VI

PROTECTION OF THE ENVIRONMENT

1. THE UNITED STATES OF AMERICA AND THE REPUBLIC  
OF PANAMA COMMIT THEMSELVES TO IMPLEMENT THIS TREATY IN  
A MANNER CONSISTENT WITH THE PROTECTION OF THE NATURAL  
ENVIRONMENT OF THE REPUBLIC OF PANAMA. TO THIS END,  
THEY SHALL CONSULT AND COOPERATE WITH EACH OTHER IN ALL  
APPROPRIATE WAYS TO ENSURE THAT THEY SHALL GIVE DUE  
REGARD TO THE PROTECTION AND CONSERVATION OF THE  
ENVIRONMENT.

2. A JOINT COMMISSION ON THE ENVIRONMENT SHALL BE  
ESTABLISHED WITH EQUAL REPRESENTATION FROM THE UNITED  
STATES OF AMERICA AND THE REPUBLIC OF PANAMA, WHICH  
SHALL PERIODICALLY REVIEW THE IMPLEMENTATION OF THIS  
TREATY AND SHALL RECOMMEND AS APPROPRIATE TO THE TWO  
GOVERNMENTS WAYS TO AVOID OR, SHOULD THIS NOT BE POSSIBLE,  
TO MITIGATE THE ADVERSE ENVIRONMENTAL IMPACTS WHICH  
MIGHT RESULT FROM THEIR RESPECTIVE ACTIONS PURSUANT TO  
THE TREATY.

3. THE UNITED STATES OF AMERICA AND THE REPUBLIC  
OF PANAMA SHALL FURNISH THE JOINT COMMISSION ON THE  
ENVIRONMENT COMPLETE INFORMATION ON ANY ACTION TAKEN IN  
ACCORDANCE WITH THIS TREATY WHICH, IN THE JUDGMENT  
OF BOTH, MIGHT HAVE A SIGNIFICANT EFFECT ON THE ENVI-  
RONMENT. SUCH INFORMATION SHALL BE MADE AVAILABLE TO  
THE COMMISSION AS FAR IN ADVANCE OF THE CONTEMPLATED  
ACTION AS POSSIBLE TO FACILITATE THE STUDY BY THE COM-

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MISSION OF ANY POTENTIAL ENVIRONMENTAL PROBLEMS AND TO  
ALLOW FOR CONSIDERATION OF THE RECOMMENDATION OF THE  
COMMISSION BEFORE THE CONTEMPLATED ACTION IS CARRIED  
OUT.

----- ARTICLE VII

FLAGS

1. THE ENTIRE TERRITORY OF THE REPUBLIC OF PANAMA,  
INCLUDING THE AREAS THE USE OF WHICH THE REPUBLIC OF  
PANAMA MAKES AVAILABLE TO THE UNITED STATES OF AMERICA  
PURSUANT TO THIS TREATY AND RELATED AGREEMENTS, SHALL BE  
UNDER THE FLAG OF THE REPUBLIC OF PANAMA, AND CONSEQUENTLY  
SUCH FLAG ALWAYS SHALL OCCUPY THE POSITION OF HONOR.

2. THE FLAG OF THE UNITED STATES OF AMERICA MAY  
BE DISPLAYED, TOGETHER WITH THE FLAG OF THE REPUBLIC  
OF PANAMA, AT THE HEADQUARTERS OF THE PANAMA CANAL  
COMMISSION, AT THE SITE OF THE COMBINED BOARD, AND AS  
PROVIDED IN THE AGREEMENT IN IMPLEMENTATION OF ARTICLE  
IV OF THIS TREATY.

3. THE FLAG OF THE UNITED STATES OF AMERICA  
ALSO MAY BE DISPLAYED AT OTHER PLACES AND ON SOME  
OCCASIONS, AS AGREED BY BOTH PARTIES.

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ARTICLE VIII

PRIVILEGES AND IMMUNITIES

1. THE INSTALLATIONS OWNED OR USED BY THE AGENCIES  
OR INSTRUMENTALITIES OF THE UNITED STATES OF AMERICA  
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OPERATING IN THE REPUBLIC OF PANAMA PURSUANT TO THIS  
TREATY AND RELATED AGREEMENTS, AND THEIR OFFICIAL ARCHIVES  
AND DOCUMENTS, SHALL BE INVIOABLE. THE TWO PARTIES  
SHALL AGREE ON PROCEDURES TO BE FOLLOWED IN THE CONDUCT  
OF ANY CRIMINAL INVESTIGATION AT SUCH LOCATIONS BY THE  
REPUBLIC OF PANAMA.

2. AGENCIES AND INSTRUMENTALITIES OF THE GOVERNMENT  
OF THE UNITED STATES OF AMERICA OPERATING IN THE REPUBLIC  
OF PANAMA PURSUANT TO THIS TREATY AND RELATED AGREEMENTS  
SHALL BE IMMUNE FROM THE JURISDICTION OF THE REPUBLIC OF  
PANAMA.

3. IN ADDITION TO SUCH OTHER PRIVILEGES AND IMMUNI-  
TIES AS ARE AFFORDED TO EMPLOYEES OF THE UNITED STATES  
GOVERNMENT AND THEIR DEPENDENTS PURSUANT TO THIS TREATY,  
THE UNITED STATES OF AMERICA MAY DESIGNATE UP TO TWENTY  
OFFICIALS OF THE PANAMA CANAL COMMISSION WHO, ALONG WITH  
THEIR DEPENDENTS, SHALL ENJOY THE PRIVILEGES AND IM-  
MUNITIES ACCORDED TO DIPLOMATIC AGENTS AND THEIR  
DEPENDENTS UNDER INTERNATIONAL LAW AND PRACTICE. THE  
UNITED STATES OF AMERICA SHALL FURNISH TO THE REPUBLIC OF

PANAMA A LIST OF THE NAMES OF SAID OFFICIALS AND THEIR  
DEPENDENTS, IDENTIFYING THE POSITIONS THEY OCCUPY IN THE  
GOVERNMENT OF THE UNITED STATES OF AMERICA, AND SHALL  
KEEP SUCH LIST CURRENT AT ALL TIMES.

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ARTICLE IX

APPLICABLE LAWS AND LAW ENFORCEMENT

1. IN ACCORDANCE WITH THE PROVISIONS OF THIS TREATY  
AND RELATED AGREEMENTS, THE LAW OF THE REPUBLIC OF  
PANAMA SHALL APPLY IN THE AREAS MADE AVAILABLE FOR  
THE USE OF THE UNITED STATES OF AMERICA PURSUANT TO  
THIS TREATY. THE LAW OF THE REPUBLIC OF PANAMA  
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SHALL BE APPLIED TO MATTERS OR EVENTS WHICH OCCURRED  
IN THE FORMER CANAL ZONE PRIOR TO THE ENTRY INTO  
FORCE OF THIS TREATY ONLY TO THE EXTENT SPECIFICALLY  
PROVIDED IN PRIOR TREATIES AND AGREEMENTS.

2. NATURAL OR JURIDICAL PERSONS WHO, ON THE  
DATE OF ENTRY INTO FORCE OF THIS TREATY, ARE ENGAGED  
IN BUSINESS OR NON-PROFIT ACTIVITIES AT LOCATIONS  
IN THE FORMER CANAL ZONE MAY CONTINUE SUCH BUSINESS  
OR ACTIVITIES AT THOSE LOCATIONS UNDER THE SAME  
TERMS AND CONDITIONS PREVAILING PRIOR TO THE ENTRY  
INTO FORCE OF THIS TREATY FOR A THIRTY-MONTH TRANSITION  
PERIOD FROM ITS ENTRY INTO FORCE. THE REPUBLIC OF  
PANAMA SHALL MAINTAIN THE SAME OPERATING CONDITIONS  
AS THOSE APPLICABLE TO THE AFOREMENTIONED ENTERPRISES  
PRIOR TO THE ENTRY INTO FORCE OF THIS TREATY IN  
ORDER THAT THEY MAY RECEIVE LICENSES TO DO BUSINESS  
IN THE REPUBLIC OF PANAMA SUBJECT TO THEIR COMPLIANCE  
WITH THE REQUIREMENTS OF ITS LAW. THEREAFTER, SUCH  
PERSONS SHALL RECEIVE THE SAME TREATMENT UNDER THE  
LAW OF THE REPUBLIC OF PANAMA AS SIMILAR ENTERPRISES  
ALREADY ESTABLISHED IN THE REST OF THE TERRITORY OF  
THE REPUBLIC OF PANAMA WITHOUT DISCRIMINATION.

3. THE RIGHTS OF OWNERSHIP, AS RECOGNIZED BY  
THE UNITED STATES OF AMERICA, ENJOYED BY NATURAL OR  
JURIDICAL PRIVATE PERSONS IN BUILDINGS AND OTHER  
IMPROVEMENTS TO REAL PROPERTY LOCATED IN THE FORMER  
CANAL ZONE SHALL BE RECOGNIZED BY THE REPUBLIC OF  
PANAMA IN CONFORMITY WITH ITS LAWS.

4. WITH RESPECT TO BUILDINGS AND OTHER IMPROVE-  
MENTS TO REAL PROPERTY LOCATED IN THE CANAL OPERATING  
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AREAS, HOUSING AREAS OR OTHER AREAS SUBJECT TO THE LICENSING PROCEDURE ESTABLISHED IN ARTICLE IV OF THE AGREEMENT IN IMPLEMENTATION OF ARTICLE III OF THIS TREATY, THE OWNERS SHALL BE AUTHORIZED TO CONTINUE USING THE LAND UPON WHICH THEIR PROPERTY IS LOCATED IN ACCORDANCE WITH THE PROCEDURES ESTABLISHED IN THAT ARTICLE.

" 5. WITH RESPECT TO BUILDINGS AND OTHER IMPROVEMENTS TO REAL PROPERTY LOCATED IN AREAS OF THE FORMER CANAL ZONE TO WHICH THE AFORESAID LICENSING PROCEDURE IS NOT APPLICABLE, OR MAY CEASE TO BE APPLICABLE DURING THE LIFETIME OR UPON TERMINATION OF THIS TREATY, THE OWNERS MAY CONTINUE TO USE THE LAND UPON WHICH THEIR PROPERTY IS LOCATED, SUBJECT TO THE PAYMENT OF A REASONABLE CHARGE TO THE REPUBLIC OF PANAMA. SHOULD THE REPUBLIC OF PANAMA DECIDE TO SELL SUCH LAND, THE OWNERS OF THE BUILDINGS OR OTHER IMPROVEMENTS LOCATED THEREON SHALL BE OFFERED A FIRST OPTION TO PURCHASE SUCH LAND AT A REASONABLE COST. IN THE CASE OF NON-PROFIT ENTERPRISES, SUCH AS CHURCHES AND FRATERNAL ORGANIZATIONS, THE COST OF PURCHASE WILL BE NOMINAL IN ACCORDANCE WITH THE PREVAILING PRACTICE IN THE REST OF THE TERRITORY OF THE REPUBLIC OF PANAMA.

6. IF ANY OF THE AFOREMENTIONED PERSONS ARE REQUIRED BY THE REPUBLIC OF PANAMA TO DISCONTINUE THEIR ACTIVITIES OR VACATE THEIR PROPERTY FOR PUBLIC PURPOSES, THEY SHALL BE COMPENSATED AT FAIR MARKET VALUE BY THE REPUBLIC OF PANAMA.

7. THE PROVISIONS OF PARAGRAPHS 2-6 ABOVE SHALL APPLY TO NATURAL OR JURIDICAL PERSONS WHO HAVE BEEN ENGAGED IN BUSINESS OR NON-PROFIT ACTIVITIES AT LOCATIONS IN THE FORMER CANAL ZONE FOR AT LEAST SIX MONTHS

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PRIOR TO THE DATE OF SIGNATURE OF THIS TREATY.

8. THE REPUBLIC OF PANAMA SHALL NOT ISSUE, ADOPT OR ENFORCE ANY LAW, DECREE, REGULATION, OR INTERNATIONAL AGREEMENT OR TAKE ANY OTHER ACTION WHICH PURPORTS TO REGULATE OR WOULD OTHERWISE INTERFERE WITH THE EXERCISE ON THE PART OF THE UNTIED STATES OF AMERICA OF

ANY RIGHT GRANTED UNDER THIS TREATY OR RELATED AGREEMENTS.

9. VESSELS TRANSITING THE CANAL, AND CARGO, PASSENGERS AND CREWS CARRIED ON SUCH VESSELS SHALL BE EXEMPT FROM ANY TAXES, FEES, OR OTHER CHARGES BY THE REPUBLIC OF PANAMA. HOWEVER, IN THE EVENT SUCH VESSELS CALL AT A PANAMANIAN PORT, THEY MAY BE ASSESSED CHARGES INCIDENT THERETO, SUCH AS CHARGES FOR SERVICES PROVIDED TO THE VESSEL. THE REPUBLIC OF PANAMA MAY ALSO REQUIRE THE PASSENGERS AND CREW DISEMBARKING FROM SUCH VESSELS TO PAY SUCH TAXES, FEES AND CHARGES AS ARE ESTABLISHED UNDER PANAMANIAN LAW FOR PERSONS ENTERING ITS TERRITORY. SUCH TAXES, FEES AND CHARGES SHALL BE ASSESSED ON A NONDISCRIMINATORY BASIS.

10. THE UNITED STATES OF AMERICA AND THE REPUBLIC OF PANAMA WILL COOPERATE IN TAKING SUCH STEPS AS MAY FROM TIME TO TIME BE NECESSARY TO GUARANTEE THE SECURITY OF THE PANAMA CANAL COMMISSION, ITS PROPERTY, ITS EMPLOYEES AND THEIR DEPENDENTS, AND THEIR PROPERTY, THE FORCES OF THE UNITED STATES OF AMERICA AND THE MEMBERS THEREOF, THE CIVILIAN COMPONENT OF THE UNITED STATES FORCES, THE DEPENDENTS OF MEMBERS OF THE FORCES AND THE CIVILIAN COMPONENT, AND THEIR PROPERTY, AND THE CONTRACTORS OF THE PANAMA CANAL COMMISSION AND OF THE UNITED STATES FORCES, THEIR DEPENDENTS,  
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AND THEIR PROPERTY. THE REPUBLIC OF PANAMA WILL SEEK FROM ITS LEGISLATIVE BRANCH SUCH LEGISLATION AS MAY BE NEEDED TO CARRY OUT THE FOREGOING PURPOSES AND TO PUNISH ANY OFFENDERS.

11. THE PARTIES SHALL CONCLUDE AN AGREEMENT WHEREBY NATIONALS OF EITHER STATE, WHO ARE SENTENCED BY THE COURTS OF THE OTHER STATE, AND WHO ARE NOT DOMICILED THEREIN, MAY ELECT TO SERVE THEIR SENTENCES IN THEIR STATE OF NATIONALITY.

---- ARTICLE X

EMPLOYMENT WITH THE PANAMA CANAL COMMISSION

1. IN EXERCISING ITS RIGHTS AND FULFILLING ITS RESPONSIBILITIES AS THE EMPLOYER, THE UNITED STATES OF AMERICA SHALL ESTABLISH EMPLOYMENT AND LABOR REGULATIONS WHICH SHALL CONTAIN THE TERMS, CONDITIONS AND PREREQUISITES FOR ALL CATEGORIES OF EMPLOYEES OF THE PANAMA CANAL COMMISSION. THESE REGULATIONS SHALL BE PROVIDED TO THE REPUBLIC OF PANAMA PRIOR TO THEIR

ENTRY INTO FORCE.

2. (A) THE REGULATIONS SHALL ESTABLISH A SYSTEM OF PREFERENCE WHEN HIRING EMPLOYEES, FOR PANAMANIAN APPLICANTS POSSESSING THE SKILLS AND QUALIFICATIONS REQUIRED FOR EMPLOYMENT BY THE PANAMA CANAL COMMISSION. THE UNITED STATES OF AMERICA SHALL ENDEAVOR TO ENSURE THAT THE NUMBER OF PANAMANIAN NATIONALS EMPLOYED BY THE PANAMA CANAL COMMISSION IN RELATION TO THE TOTAL NUMBER OF ITS EMPLOYEES WILL CONFORM TO THE PROPORTION ESTABLISHED FOR FOREIGN ENTERPRISES UNDER THE LAW OF THE REPUBLIC OF PANAMA.

(B) THE TERMS AND CONDITIONS OF EMPLOYMENT  
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TO BE ESTABLISHED WILL IN GENERAL BE NO LESS FAVORABLE TO PERSONS ALREADY EMPLOYED BY THE PANAMA CANAL COMPANY OR CANAL ZONE GOVERNMENT PRIOR TO THE ENTRY INTO FORCE OF THIS TREATY, THAN THOSE IN EFFECT IMMEDIATELY PRIOR TO THAT DATE.

3. (A) THE UNITED STATES OF AMERICA SHALL ESTABLISH AN EMPLOYMENT POLICY FOR THE PANAMA CANAL COMMISSION THAT SHALL GENERALLY LIMIT THE RECRUITMENT OF PERSONNEL OUTSIDE THE REPUBLIC OF PANAMA TO PERSONS POSSESSING REQUISITE SKILLS AND QUALIFICATIONS WHICH ARE NOT AVAILABLE IN THE REPUBLIC OF PANAMA.

(B) THE UNITED STATES OF AMERICA WILL ESTABLISH TRAINING PROGRAMS FOR PANAMANIAN EMPLOYEES AND APPRENTICES IN ORDER TO INCREASE THE NUMBER OF PANAMANIAN NATIONALS QUALIFIED TO ASSUME POSITIONS WITH THE PANAMA CANAL COMMISSION, AS POSITIONS BECOME AVAILABLE.

(C) WITHIN FIVE YEARS FROM THE ENTRY INTO FORCE OF THIS TREATY, THE NUMBER OF UNITED STATES NATIONALS EMPLOYED BY THE PANAMA CANAL COMMISSION WHO WERE PREVIOUSLY EMPLOYED BY THE PANAMA CANAL COMPANY SHALL BE AT LEAST TWENTY PERCENT LESS THAN THE TOTAL NUMBER OF UNITED STATES NATIONALS WORKING FOR THE PANAMA CANAL COMPANY IMMEDIATELY PRIOR TO THE ENTRY INTO FORCE OF THIS TREATY.

(D) THE UNITED STATES OF AMERICA SHALL PERIODICALLY INFORM THE REPUBLIC OF PANAMA, THROUGH THE COORDINATING COMMITTEE, ESTABLISHED PURSUANT TO THE AGREEMENT IN IMPLEMENTATION OF ARTICLE III OF THIS TREATY, OF AVAILABLE POSITIONS WITHIN THE PANAMA CANAL  
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COMMISSION. THE REPUBLIC OF PANAMA SHALL SIMILARLY PROVIDE THE UNITED STATES OF AMERICA ANY INFORMATION IT MAY HAVE AS TO THE AVAILABILITY OF PANAMANIAN NATIONALS CLAIMING TO HAVE SKILLS AND QUALIFICATIONS THAT MIGHT BE REQUIRED BY THE PANAMA CANAL COMMISSION, IN ORDER THAT THE UNITED STATES OF AMERICA MAY TAKE THIS INFORMATION INTO ACCOUNT.

4. THE UNITED STATES OF AMERICA WILL ESTABLISH QUALIFICATION STANDARDS FOR SKILLS, TRAINING AND EXPERIENCE REQUIRED BY THE PANAMA CANAL COMMISSION. IN ESTABLISHING SUCH STANDARDS, TO THE EXTENT THEY INCLUDE A REQUIREMENT FOR A PROFESSIONAL LICENSE, THE UNITED STATES OF AMERICA, WITHOUT PREJUDICE TO ITS RIGHT TO REQUIRE ADDITIONAL PROFESSIONAL SKILLS AND QUALIFICATIONS, SHALL RECOGNIZE THE PROFESSIONAL LICENSES ISSUED BY THE REPUBLIC OF PANAMA.

5. THE UNITED STATES OF AMERICA SHALL ESTABLISH A POLICY FOR THE PERIODIC ROTATION, AT A MAXIMUM OF EVERY FIVE YEARS, OF UNITED STATES CITIZEN EMPLOYEES AND OTHER NON-PANAMANIAN EMPLOYEES, HIRED AFTER THE ENTRY INTO FORCE OF THIS TREATY. IT IS RECOGNIZED THAT CERTAIN EXCEPTIONS TO THE SAID POLICY OF ROTATION MAY BE MADE FOR SOUND ADMINISTRATIVE REASONS, SUCH AS IN THE CASE OF EMPLOYEES HOLDING POSITIONS REQUIRING CERTAIN NON-TRANSFERABLE OR NON-RECRUITABLE SKILLS.

6. WITH REGARD TO WAGES AND FRINGE BENEFITS, THERE SHALL BE NO DISCRIMINATION ON THE BASIS OF NATIONALITY, SEX, OR RACE. PAYMENTS BY THE PANAMA CANAL COMMISSION OF ADDITIONAL REMUNERATION, OR THE PROVISION OF OTHER BENEFITS, SUCH AS HOME LEAVE BENEFITS, TO UNITED STATES NATIONALS EMPLOYED PRIOR TO ENTRY INTO FORCE OF THIS TREATY, OR TO PERSONS OF ANY NATIONALITY, INCLUDING PANAMANIAN NATIONALS WHO ARE THEREAFTER RECRUITED OUT-

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SIDE OF THE REPUBLIC OF PANAMA AND WHO CHANGE THEIR PLACE OF RESIDENCE, SHALL NOT BE CONSIDERED TO BE DISCRIMINATION FOR THE PURPOSE OF THIS PARAGRAPH.

7. PERSONS EMPLOYED BY THE PANAMA CANAL COMPANY OR CANAL ZONE GOVERNMENT PRIOR TO THE ENTRY INTO FORCE OF THIS TREATY, WHO ARE DISPLACED FROM THEIR EMPLOYMENT AS

A RESULT OF THE DISCONTINUANCE BY THE UNITED STATES OF AMERICA OF CERTAIN ACTIVITIES PURSUANT TO THIS TREATY, WILL BE PLACED BY THE UNITED STATES OF AMERICA, TO THE MAXIMUM EXTENT FEASIBLE, IN OTHER APPROPRIATE JOBS WITH THE GOVERNMENT OF THE UNITED STATES IN ACCORDANCE WITH UNITED STATES CIVIL SERVICE REGULATIONS. FOR SUCH PERSONS WHO ARE NOT UNITED STATES NATIONALS, PLACEMENT EFFORTS WILL BE CONFINED TO UNITED STATES GOVERNMENT ACTIVITIES LOCATED WITHIN THE REPUBLIC OF PANAMA. LIKEWISE, PERSONS PREVIOUSLY EMPLOYED IN ACTIVITIES FOR WHICH THE REPUBLIC OF PANAMA ASSUMES RESPONSIBILITY AS A RESULT OF THIS TREATY WILL BE CONTINUED IN THEIR EMPLOYMENT TO THE MAXIMUM EXTENT FEASIBLE BY THE REPUBLIC OF PANAMA. THE REPUBLIC OF PANAMA SHALL, TO THE MAXIMUM EXTENT FEASIBLE, ENSURE THAT THE TERMS AND CONDITIONS OF EMPLOYMENT APPLICABLE TO PERSONNEL EMPLOYED IN THE ACTIVITIES FOR WHICH IT ASSUMES RESPONSIBILITY ARE NO LESS FAVORABLE THAN THOSE IN EFFECT IMMEDIATELY PRIOR TO THE ENTRY INTO FORCE OF THIS TREATY. NON-UNITED STATES NATIONALS EMPLOYED BY THE PANAMA CANAL COMPANY OR CANAL ZONE GOVERNMENT PRIOR TO THE ENTRY INTO FORCE OF THIS TREATY WHO ARE INVOLUNTARILY SEPARATED FROM THEIR POSITIONS BECAUSE OF THE DISCONTINUANCE OF AN ACTIVITY BY REASON OF THIS TREATY, WHO ARE NOT ENTITLED TO AN IMMEDIATE ANNUITY UNDER THE UNITED STATES CIVIL SERVICE RETIREMENT SYSTEM, AND FOR WHOM CONTINUED EMPLOYMENT IN UNCLASSIFIED

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THE REPUBLIC OF PANAMA BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA IS NOT PRACTICABLE, WILL BE PROVIDED SPECIAL JOB PLACEMENT ASSISTANCE BY THE REPUBLIC OF PANAMA FOR EMPLOYMENT IN POSITIONS FOR WHICH THEY MAY BE QUALIFIED BY EXPERIENCE AND TRAINING.

8. THE PARTIES AGREE TO ESTABLISH A SYSTEM WHEREBY THE PANAMA CANAL COMMISSION MAY, IF DEEMED MUTUALLY CONVENIENT OR DESIRABLE BY THE TWO PARTIES, ASSIGN CERTAIN EMPLOYEES OF THE PANAMA CANAL COMMISSION, FOR A LIMITED PERIOD OF TIME, TO ASSIST IN THE OPERATION OF ACTIVITIES TRANSFERRED TO THE RESPONSIBILITY OF THE REPUBLIC OF PANAMA AS A RESULT OF THIS TREATY OR RELATED AGREEMENTS. THE SALARIES AND OTHER COSTS OF EMPLOYMENT OF ANY SUCH PERSONS ASSIGNED TO PROVIDE SUCH ASSISTANCE SHALL BE REIMBURSED TO THE UNITED STATES OF AMERICA BY THE REPUBLIC OF PANAMA.

9. (A) THE RIGHT OF EMPLOYEES TO NEGOTIATE COLLECTIVE CONTRACTS WITH THE PANAMA CANAL COMMISSION IS RECOGNIZED. LABOR RELATIONS WITH EMPLOYEES OF THE PANAMA CANAL COMMISSION SHALL BE CONDUCTED IN ACCORDANCE

WITH FORMS OF COLLECTIVE BARGAINING ESTABLISHED BY  
THE UNITED STATES OF AMERICA AFTER CONSULTATION WITH  
EMPLOYEE UNIONS.

(B) EMPLOYEE UNIONS SHALL HAVE THE RIGHT  
TO AFFILIATE WITH INTERNATIONAL LABOR ORGANIZATIONS.

10. THE UNITED STATES OF AMERICA WILL PROVIDE  
AN APPROPRIATE EARLY OPTIONAL RETIREMENT PROGRAM FOR  
ALL PERSONS EMPLOYED BY THE PANAMA CANAL COMPANY OR  
CANAL ZONE GOVERNMENT IMMEDIATELY PRIOR TO THE ENTRY  
INTO FORCE OF THIS TREATY. IN THIS REGARD, TAKING  
INTO ACCOUNT THE UNIQUE CIRCUMSTANCES CREATED BY THE  
PROVISIONS OF THIS TREATY, INCLUDING ITS DURATION,  
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AND THEIR EFFECT UPON SUCH EMPLOYEES, THE UNITED  
STATES OF AMERICA SHALL, WITH RESPECT TO THEM:

(A) DETERMINE THAT CONDITIONS EXIST WHICH  
INVOKE APPLICABLE UNITED STATES LAW PERMITTING EARLY  
RETIREMENT ANNUITIES AND APPLY SUCH LAW FOR A SUBSTAN-  
TIAL PERIOD OF THE DURATION OF THE TREATY;

(B) SEEK SPECIAL LEGISLATION TO PROVIDE  
MORE LIBERAL ENTITLEMENT TO, AND CALCULATION OF,  
RETIREMENT ANNUITIES THAN IS CURRENTLY PROVIDED FOR  
BY LAW.

----- ARTICLE XI

#### PROVISIONS FOR THE TRANSITION PERIOD

1. THE REPUBLIC OF PANAMA SHALL REASSUME PLENARY  
JURISDICTION OVER THE FORMER CANAL ZONE UPON ENTRY  
INTO FORCE OF THIS TREATY AND IN ACCORDANCE WITH ITS  
TERMS. IN ORDER TO PROVIDE FOR AN ORDERLY TRANSITION  
TO THE FULL APPLICATION OF THE JURISDICTIONAL ARRANGE-  
MENTS ESTABLISHED BY THIS TREATY AND RELATED AGRE-  
EMENTS, THE PROVISIONS OF THIS ARTICLE SHALL BECOME  
APPLICABLE UPON THE DATE THIS TREATY ENTERS INTO  
FORCE, AND SHALL REMAIN IN EFFECT FOR THIRTY CALENDAR  
MONTHS. THE AUTHORITY GRANTED IN THIS ARTICLE TO THE  
UNITED STATES OF AMERICA FOR THIS TRANSITION PERIOD  
SHALL SUPPLEMENT, AND IS NOT INTENDED TO LIMIT, THE  
FULL APPLICATION AND EFFECT OF THE RIGHTS AND AUTHORITY  
GRANTED TO THE UNITED STATES OF AMERICA ELSEWHERE IN  
THIS TREATY AND IN RELATED AGREEMENTS.

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2. DURING THIS TRANSITION PERIOD, THE CRIMINAL AND CIVIL LAWS OF THE UNITED STATES OF AMERICA SHALL APPLY CONCURRENTLY WITH THOSE OF THE REPUBLIC OF PANAMA IN CERTAIN OF THE AREAS AND INSTALLATIONS MADE AVAILABLE FOR THE USE OF THE UNITED STATES OF AMERICA PURSUANT TO THIS TREATY, IN ACCORDANCE WITH THE FOLLOWING PROVISIONS:

(A) THE REPUBLIC OF PANAMA PERMITS THE AUTHORITIES OF THE UNITED STATES OF AMERICA TO HAVE THE PRIMARY RIGHT TO EXERCISE CRIMINAL JURISDICTION OVER UNITED STATES CITIZEN EMPLOYEES OF THE PANAMA CANAL COMMISSION AND THEIR DEPENDENTS, AND MEMBERS OF THE UNITED STATES FORCES AND CIVILIAN COMPONENT AND THEIR DEPENDENTS, IN THE FOLLOWING CASES:

(I) FOR ANY OFFENSE COMMITTED DURING THE TRANSITION PERIOD WITHIN SUCH AREAS AND INSTALLATIONS, AND

(II) FOR ANY OFFENSE COMMITTED PRIOR TO THAT PERIOD IN THE FORMER CANAL ZONE.

THE REPUBLIC OF PANAMA SHALL HAVE THE PRIMARY RIGHT TO EXERCISE JURISDICTION OVER ALL OTHER OFFENSES COMMITTED BY SUCH PERSONS, EXCEPT AS OTHERWISE PROVIDED IN THIS TREATY AND RELATED AGREEMENTS OR AS MAY BE OTHERWISE AGREED.

(B) EITHER PARTY MAY WAIVE ITS PRIMARY RIGHT TO EXERCISE JURISDICTION IN A SPECIFIC CASE OR CATEGORY OF CASES.

3. THE UNITED STATES OF AMERICA SHALL RETAIN THE RIGHT TO EXERCISE JURISDICTION IN CRIMINAL CASES RELATING TO OFFENSES COMMITTED PRIOR TO THE ENTRY

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INTO FORCE OF THIS TREATY IN VIOLATION OF THE LAWS APPLICABLE IN THE FORMER CANAL ZONE.

4. FOR THE TRANSITION PERIOD, THE UNITED STATES OF AMERICA SHALL RETAIN POLICE AUTHORITY AND MAINTAIN A POLICE FORCE IN THE AFOREMENTIONED AREAS AND INSTALLATIONS. IN SUCH AREAS, THE POLICE AUTHORITIES OF THE

UNITED STATES OF AMERICA MAY TAKE INTO CUSTODY ANY PERSON NOT SUBJECT TO THEIR PRIMARY JURISDICTION IF SUCH PERSON IS BELIEVED TO HAVE COMMITTED OR TO BE COMMITTING AN OFFENSE AGAINST APPLICABLE LAWS OR REGULATIONS, AND SHALL PROMPTLY TRANSFER CUSTODY TO THE POLICE AUTHORITIES OF THE REPUBLIC OF PANAMA. THE UNITED STATES OF AMERICA AND THE REPUBLIC OF PANAMA SHALL ESTABLISH JOINT POLICE PATROLS IN AGREED AREAS. ANY ARRESTS CONDUCTED BY A JOINT PATROL SHALL BE THE RESPONSIBILITY OF THE PATROL MEMBER OR MEMBERS REPRESENTING THE PARTY HAVING PRIMARY JURISDICTION OVER THE PERSON OR PERSONS ARRESTED.

5. THE COURTS OF THE UNITED STATES OF AMERICA AND RELATED PERSONNEL, FUNCTIONING IN THE FORMER CANAL ZONE IMMEDIATELY PRIOR TO THE ENTRY INTO FORCE OF THIS TREATY, MAY CONTINUE TO FUNCTION DURING THE TRANSITION PERIOD FOR THE JUDICIAL ENFORCEMENT OF THE JURISDICTION TO BE EXERCISED BY THE UNITED STATES OF AMERICA IN ACCORDANCE WITH THIS ARTICLE.

6. IN CIVIL CASES, THE CIVILIAN COURTS OF THE UNITED STATES OF AMERICA IN THE REPUBLIC OF PANAMA SHALL HAVE NO JURISDICTION OVER NEW CASES OF A PRIVATE CIVIL NATURE, BUT SHALL RETAIN FULL JURISDICTION DURING THE TRANSITION PERIOD TO DISPOSE OF ANY CIVIL

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CASES, INCLUDING ADMIRALTY CASES, ALREADY INSTITUTED AND PENDING BEFORE THE COURTS PRIOR TO THE ENTRY INTO FORCE OF THIS TREATY.

7. THE LAWS, REGULATIONS, AND ADMINISTRATIVE AUTHORITY OF THE UNITED STATES OF AMERICA APPLICABLE IN THE FORMER CANAL ZONE IMMEDIATELY PRIOR TO THE ENTRY INTO FORCE OF THIS TREATY SHALL, TO THE EXTENT NOT INCONSISTENT WITH THIS TREATY AND RELATED AGREEMENTS, CONTINUE IN FORCE FOR THE PURPOSE OF THE EXERCISE BY THE UNITED STATES OF AMERICA OF LAW ENFORCEMENT AND JUDICIAL JURISDICTION ONLY DURING THE TRANSITION PERIOD. THE UNITED STATES OF AMERICA MAY AMEND, REPEAL OR OTHERWISE CHANGE SUCH LAWS, REGULATIONS AND ADMINISTRATIVE AUTHORITY. THE TWO PARTIES SHALL CONSULT CONCERNING PROCEDURAL AND SUBSTANTIVE MATTERS RELATIVE TO THE IMPLEMENTATION OF THIS ARTICLE, INCLUDING THE DISPOSITION OF CASES PENDING AT THE END OF THE TRANSITION PERIOD AND, IN THIS RESPECT, MAY ENTER INTO APPROPRIATE AGREEMENTS BY AN EXCHANGE OF NOTES OR OTHER INSTRUMENT.

8. DURING THIS TRANSITION PERIOD, THE UNITED STATES OF AMERICA MAY CONTINUE TO INCARCERATE INDIVIDUALS IN THE AREAS AND INSTALLATIONS MADE AVAILABLE FOR THE USE OF THE UNITED STATES OF AMERICA BY THE REPUBLIC OF PANAMA PURSUANT TO THIS TREATY AND RELATED AGREEMENTS, OR TO TRANSFER THEM TO PENAL FACILITIES IN THE UNITED STATES OF AMERICA TO SERVE THEIR SENTENCES.

----- ARTICLE XII

A SEA-LEVEL CANAL OR  
A THIRD LANE OF LOCKS

1. THE UNITED STATES OF AMERICA AND THE REPUBLIC  
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OF PANAMA RECOGNIZE THAT A SEA-LEVEL CANAL MAY BE IMPORTANT FOR INTERNATIONAL NAVIGATION IN THE FUTURE. CONSEQUENTLY, DURING THE DURATION OF THIS TREATY, BOTH PARTIES COMMIT THEMSELVES TO STUDY JOINTLY THE FEASIBILITY OF A SEA-LEVEL CANAL IN THE REPUBLIC OF PANAMA, AND IN THE EVENT THEY DETERMINE THAT SUCH A WATERWAY IS NECESSARY, THEY SHALL NEGOTIATE TERMS, AGREEABLE TO BOTH PARTIES, FOR ITS CONSTRUCTION.

2. THE UNITED STATES OF AMERICA AND THE REPUBLIC  
OF PANAMA AGREE ON THE FOLLOWING:

(A) NO NEW INTEROCEANIC CANAL SHALL BE CONSTRUCTED IN THE TERRITORY OF THE REPUBLIC OF PANAMA DURING THE DURATION OF THIS TREATY, EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF THIS TREATY, OR AS THE TWO PARTIES MAY OTHERWISE AGREE; AND

(B) DURING THE DURATION OF THIS TREATY, THE UNITED STATES OF AMERICA SHALL NOT NEGOTIATE WITH THIRD STATES FOR THE RIGHT TO CONSTRUCT AN INTEROCEANIC CANAL ON ANY OTHER ROUTE IN THE WESTERN HEMISPHERE, EXCEPT AS THE TWO PARTIES MAY OTHERWISE AGREE.

3. THE REPUBLIC OF PANAMA GRANTS TO THE UNITED STATES OF AMERICA THE RIGHT TO ADD A THIRD LANE OF LOCKS TO THE EXISTING PANAMA CANAL. THIS RIGHT MAY BE EXERCISED AT ANY TIME DURING THE DURATION OF THIS TREATY, PROVIDED THAT THE UNITED STATES OF AMERICA HAS DELIVERED TO THE REPUBLIC OF PANAMA COPIES OF THE PLANS FOR SUCH CONSTRUCTION.

4. IN THE EVENT THE UNITED STATES OF AMERICA  
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EXERCISES THE RIGHT GRANTED IN PARAGRAPH 3 ABOVE, IT MAY USE FOR THAT PURPOSE, IN ADDITION TO THE AREAS OTHERWISE MADE AVAILABLE TO THE UNITED STATES OF AMERICA PURSUANT TO THIS TREATY, SUCH OTHER AREAS AS THE TWO PARTIES MAY AGREE UPON. THE TERMS AND CONDITIONS APPLICABLE TO CANAL OPERATING AREAS MADE AVAILABLE BY THE REPUBLIC OF PANAMA FOR THE USE OF THE UNITED STATES OF AMERICA PURSUANT TO ARTICLE III OF THIS TREATY SHALL APPLY IN A SIMILAR MANNER TO SUCH ADDITIONAL AREAS.

5. IN THE CONSTRUCTION OF THE AFORESAID WORKS, THE UNITED STATES OF AMERICA SHALL NOT USE NUCLEAR EXCAVATION TECHNIQUES WITHOUT THE PREVIOUS CONSENT OF THE REPUBLIC OF PANAMA.

----- ARTICLE XIII

PROPERTY TRANSFER AND ECONOMIC PARTICIPATION  
BY THE REPUBLIC OF PANAMA

1. UPON TERMINATION OF THIS TREATY, THE REPUBLIC OF PANAMA SHALL ASSUME TOTAL RESPONSIBILITY FOR THE MANAGEMENT, OPERATION, AND MAINTENANCE OF THE PANAMA CANAL, WHICH SHALL BE TURNED OVER IN OPERATING CONDITION AND FREE OF LIENS AND DEBTS, EXCEPT AS THE TWO PARTIES MAY OTHERWISE AGREE.

2. THE UNITED STATES OF AMERICA TRANSFERS, WITHOUT CHARGE, TO THE REPUBLIC OF PANAMA ALL RIGHT, TITLE AND INTEREST THE UNITED STATES OF AMERICA MAY HAVE WITH RESPECT TO ALL REAL PROPERTY, INCLUDING NON-REMOVABLE IMPROVEMENTS THEREON, AS SET FORTH BELOW:

(A) UPON THE ENTRY INTO FORCE OF THIS TREATY,  
THE PANAMA RAILROAD AND SUCH PROPERTY THAT WAS LOCATED  
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IN THE FORMER CANAL ZONE BUT THAT IS NOT WITHIN THE LAND AND WATER AREAS THE USE OF WHICH IS MADE AVAILABLE TO THE UNITED STATES OF AMERICA PURSUANT TO THIS TREATY. HOWEVER, IT IS AGREED THAT THE TRANSFER ON SUCH DATE SHALL NOT INCLUDE BUILDINGS AND OTHER FACILITIES, EXCEPT HOUSING, THE USE OF WHICH IS RETAINED BY THE UNITED STATES OF AMERICA PURSUANT TO THIS TREATY AND

RELATED AGREEMENTS, OUTSIDE SUCH AREAS;

(B) SUCH PROPERTY LOCATED IN AN AREA OR A PORTION THEREOF AT SUCH TIME AS THE USE BY THE UNITED STATES OF AMERICA OF SUCH AREA OR PORTION THEREOF CEASES PURSUANT TO AGREEMENT BETWEEN THE TWO PARTIES.

(C) HOUSING UNITS MADE AVAILABLE FOR OCCUPANCY BY MEMBERS OF THE ARMED FORCES OF THE REPUBLIC OF PANAMA IN ACCORDANCE WITH PARAGRAPH 5(B) OF ANNEX B TO THE AGREEMENT IN IMPLEMENTATION OF ARTICLE IV OF THIS TREATY AT SUCH TIME AS SUCH UNITS ARE MADE AVAILABLE TO THE REPUBLIC OF PANAMA.

(D) UPON TERMINATION OF THIS TREATY, ALL REAL PROPERTY, AND NON-REMOVABLE IMPROVEMENTS THAT WERE USED BY THE UNITED STATES OF AMERICA FOR THE PURPOSES OF THIS TREATY AND RELATED AGREEMENTS, AND EQUIPMENT RELATED TO THE MANAGEMENT, OPERATION AND MAINTENANCE OF THE CANAL REMAINING IN THE REPUBLIC OF PANAMA.

3. THE REPUBLIC OF PANAMA AGREES TO HOLD THE UNITED STATES OF AMERICA HARMLESS WITH RESPECT TO ANY CLAIMS WHICH MAY BE MADE BY THIRD PARTIES RELATING TO RIGHTS, TITLE AND INTEREST IN SUCH PROPERTY.

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4. THE REPUBLIC OF PANAMA SHALL RECEIVE, IN ADDITION, FROM THE PANAMA CANAL COMMISSION A JUST AND EQUITABLE RETURN ON THE NATIONAL RESOURCES WHICH IT HAS DEDICATED TO THE EFFICIENT MANAGEMENT, OPERATION, MAINTENANCE, PROTECTION AND DEFENSE OF THE PANAMA CANAL, IN ACCORDANCE WITH THE FOLLOWING:

(A) AN ANNUAL AMOUNT TO BE PAID OUT OF CANAL OPERATING REVENUES COMPUTED AT A RATE OF THIRTY HUNDREDTHS OF A UNITED STATES DOLLAR (\$0.30) PER PANAMA CANAL NET TON, OR ITS EQUIVALENCY, FOR EACH VESSEL TRANSITING THE CANAL, AFTER THE ENTRY INTO FORCE OF THIS TREATY, FOR WHICH TOLLS ARE CHARGED. THE RATE OF THIRTY HUNDREDTHS OF A UNITED STATES DOLLAR (\$0.30) PER PANAMA CANAL NET TON, OR ITS EQUIVALENCY, WILL BE ADJUSTED TO REFLECT CHANGES IN THE UNITED STATES WHOLESALE PRICE INDEX FOR TOTAL MANUFACTURED GOODS DURING BIENNIAL PERIODS. THE FIRST ADJUSTMENT SHALL TAKE PLACE FIVE YEARS AFTER ENTRY INTO FORCE OF THIS TREATY, TAKING INTO ACCOUNT THE CHANGES THAT OCCURRED IN SUCH PRICE INDEX DURING THE PRECEDING TWO YEARS. THEREAFTER

SUCCESSIVE ADJUSTMENTS SHALL TAKE PLACE AT THE END OF EACH BIENNIAL PERIOD. IF THE UNITED STATES OF AMERICA SHOULD DECIDE THAT ANOTHER INDEXING METHOD IS PREFERABLE, SUCH METHOD SHALL BE PROPOSED TO THE REPUBLIC OF PANAMA AND APPLIED IF MUTUALLY AGREED.

(B) A FIXED ANNUITY OF TEN MILLION UNITED STATES DOLLARS (\$10,000,000) TO BE PAID OUT OF CANAL OPERATING REVENUES. THIS AMOUNT SHALL CONSTITUTE A FIXED EXPENSE OF THE PANAMA CANAL COMMISSION.

(C) AN ANNUAL AMOUNT OF UP TO TEN MILLION UNITED STATES DOLLARS (\$10,000,000) PER YEAR, TO BE PAID OUT OF CANAL OPERATING REVENUES TO THE EXTENT THAT UNCLASSIFIED

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SUCH REVENUES EXCEED EXPENDITURES OF THE PANAMA CANAL COMMISSION INCLUDING AMOUNTS PAID PURSUANT TO THIS TREATY. IN THE EVENT CANAL OPERATING REVENUES IN ANY YEAR DO NOT PRODUCE A SURPLUS SUFFICIENT TO COVER THIS PAYMENT, THE UNPAID BALANCE SHALL BE PAID FROM OPERATING SURPLUSES IN FUTURE YEARS IN A MANNER TO BE MUTUALLY AGREED.

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ARTICLE XIV

SETTLEMENT OF DISPUTES

IN THE EVENT THAT ANY QUESTION SHOULD ARISE BETWEEN THE PARTIES CONCERNING THE INTERPRETATION OF THIS TREATY OR RELATED AGREEMENTS, THEY SHALL MAKE EVERY EFFORT TO RESOLVE THE MATTER THROUGH CONSULTATION IN THE APPROPRIATE COMMITTEES ESTABLISHED PURSUANT TO THIS TREATY AND RELATED AGREEMENTS, OR, IF APPROPRIATE, THROUGH DIPLOMATIC CHANNELS. IN THE EVENT THE PARTIES ARE UNABLE TO RESOLVE A PARTICULAR MATTER THROUGH SUCH MEANS, THEY MAY, IN APPROPRIATE CASES, AGREE TO SUBMIT THE MATTER TO CONCILIATION, MEDIATION, ARBITRATION, OR SUCH OTHER PROCEDURE FOR THE PEACEFUL SETTLEMENT OF THE DISPUTE AS THEY MAY MUTUALLY DEEM APPROPRIATE.

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## Message Attributes

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**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Drafter:** FWILLIS:JD  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**TAGS:** EWWT, PDIP, PN, US  
**To:** ALL POSTS ATHENS MULTIPLE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009